

Message Text

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DRAFTED BY ARA-LA/CAR:WBWHEELER:AF

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ARA:HWSHLAUDEMAN

ARA/CAR:JRBURKE (DRAFT)

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S/S-O: R. ELTZ

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P 300237Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY GEORGETOWN PRIORITY

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EXDIS

E.O. 11652: GDS

TAGS: EAID, EINV, EMIN, GY

SUBJECT: FUTURE STATUS OF A.I.D. OPERATIONS

REFER: GEORGETOWN 2085

JOINT STATE/AID MESSAGE

1. WE FULLY SHARE DESIRE FOR AMICABLE SETTLEMENT REYNOLDS NATIONALIZATION CASE IN MANNER THAT WOULD AVOID DETERIORATION OF OVERALL US-GUYANA RELATIONS AND PROVIDE PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION FOR REYNOLDS. HOWEVER, WE WOULD NOT CONSIDER IT APPROPRIATE TO IMPLY TO GOG THAT WE WOULD BE FORTHCOMING ON ECONOMIC ASSISTANCE AS SWEETENER IN ORDER TO SECURE FAVORABLE REYNOLDS SETTLEMENT. SUCH ACTION COULD BE VIEWED AS TANTAMOUNT TO UTILIZING AID MONIES TO SUBSIDIZE OR OFFSET PAYMENTS RESULTING FROM GOG ACT TO NATIONALIZE US COMPANY.

2. AS EMBASSY KNOWS, CONTRARY TO BURNHAM'S ACCUSATIONS, USG HAS NOT IMPOSED ANY ECONOMIC SANCTIONS DESPITE GOG

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ACTIONS TO DATE. WE ARE CONTINUING WITH IMPLEMENTATION

OF AID PROJECTS FOR WHICH THERE ARE EXECUTED AGREEMENTS
AND AT PRESENT AID IS PREPARED TO CONSIDER ADJUSTMENTS
TO NEW AMSTERDAM AND GEORGETOWN ROAD PROJECTS WITHIN
SCOPE OF EXISTING LOAN AUTHORIZATIONS AND AS COMPATIBLE
WITH GOOD MANAGEMENT OF THE PIPELINE.

3. GIVEN GOG'S UNILATERAL IMPOSITION OF BAUXITE TAX LEVY
AND GOG'S INTENTION TO NATIONALIZE REYNOLDS BEFORE YEAR'S
END, DEPARTMENT BELIEVES THAT WE SHOULD DEFER FOR THE
PRESENT ANY FURTHER ACTIONS REGARDING FY 1975 AID PROGRAM
ACTIVITIES THAT INVOLVE OR IMPLY COMMITMENTS FOR NEW
PROJECTS. (UTILIZATION OF ALREADY ALLOTED DOLS. 25,000
SDAF WILL BE AT CT DISCRETION.)

4. WOULD APPRECIATE YOUR VIEWS ASAP.
INGERSOLL

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